

15J - PENSION OBLIGATION BONDS DEBT SERVICE

Operational Summary

Agency Description:

This fund is used to record the debt service payments on the County's Pension Obligation Bonds: Series 1994A, Refunding Series 1996A and Refunding Series 1997A. These bonds are a General Fund obligation.

On October 20, 1999 the Board of Supervisors directed the CEO to proceed with actions necessary to eliminate this debt obligation. On March 31, 2000 and June 11, 2000, the County purchased through a tender offer 45% of the outstanding bonds, about \$288.3 million, and then cancelled them. The cost of the purchase was about \$179.0 million.

The remaining Pension Obligation Bonds with a par value of \$350,823,000, were successfully prepaid through an economic defeasance on June 22, 2000. Available funds, including the FY 1999-00 Tobacco Settlement Revenue allocation to the County, were irrevocably pledged for payment, in full, of the bonds and invested in AAA rated debt securities issued by the Federal Home Loan Bank, Federal National Mortgage Association (FNMA). The FNMA securities, along with cash on hand, will be sufficient to pay principal and interest on the bonds when due and payable.

The FY 2002-2003 budget for this fund contains appropriations to record the debt service payments made by the bond trustee from the defeasance escrow fund. There is no "out-of-pocket" payment required from the County.

At a Glance:

Total FY 2001-2002 Projected Expend + Encumb:	11,603,252
Total Recommended FY 2002-2003 Budget:	184,725,521
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- To record debt service payments made by the trustee on the defeased Pension Obligation Bonds.

Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Not applicable.

Budget Summary

Proposed Budget and History:

Sources and Uses	FY 2000-2001 Actual	FY 2001-2002 Final Budget	FY 2001-2002 Projected ⁽¹⁾	FY 2002-2003 Recommended	Change from FY 2001-2002 Projected	
					Amount	Percent
Total Revenues	10,254,345	9,100,307	9,674,441	9,980,000	305,559	0.22
Total Requirements	22,004,018	188,398,000	11,603,252	184,725,521	173,122,269	1,492.02
FBA	188,424,004	179,297,693	176,674,331	174,745,521	(1,928,810)	-1.09

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2001-2002 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Pension Obligation Bonds Debt Service in the Appendix on page 625.